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President: Mr. Moncayo (Vice-President) ..... (Ecuador)

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In the absence of Mr. Akram (Pakistan), Mr. Moncayo (Ecuador), Vice-President, took the Chair.

The meeting was called to order at 3.25 p.m.

Operational activities of the United Nations for international development cooperation: interactive dialogue on operational reforms in the United Nations development system (*continued*)

1. **The President** said that the Council would continue its panel discussion of operational activities of the United Nations for international development cooperation.

2. **Mr. Schultz** (United Kingdom), also speaking on behalf of the European Union, said that the Union had adopted a "final comprehensive policy review" resolution in 2004, setting out the policy directions it would like to see on many of the challenges outlined in the previous meeting. Several issues arose, involving the pace of reform; the United Nations role in national capacity development; the role of the Chief Executives Board for Coordination (CEB) in overseeing the implementation goals, and the involvement of the agencies in that process; and the possibility of merging the coordination functions currently provided by CEB and the United Nations Development Group (UNDG).

3. **Mr. Nyong'o** (Kenya) said the key to helping Governments build capacity for the delivery of programmes in line with the Millennium goals was coordination of the work of United Nations agencies, multilateral institutions and development partners at the national level. Government officials spent much time in efforts to align budgetary priorities with the International Monetary Fund's requirements. But it was not clear how far such concerns synchronized with the activities of United Nations agencies in implementing the Millennium goals. Discordant voices were often heard when it came to coordinating what multilateral agencies were demanding, what development partners required in rolling out their own development assistance, and what was expected of United Nations agencies. But the synchronization of national priorities in order to make efficient use of resources required that Governments should undertake certain reforms — seen not as a requisite for receiving assistance but as good for development itself. There must first be a discourse on the reforms necessary at the national level in order to promote fast-track development and to synchronize those reforms with assistance from outside.

4. **Mr. Mertens** (World Health Organization) recalled the previous day's presentation by the United Republic of Tanzania, which had been a forceful demonstration of country ownership working in tandem with the entire international development community. It had been a good example, perhaps reaffirming that the more a country was doing to develop itself the less United Nations development assistance was needed. One of the most difficult decisions for an agency arose when it realized that a country was able to assume leadership and ownership in its own development, at which point the agency had to find the courage to "step back a little bit". Flexibility was needed. Countries' development needs differed widely, and the "one-size-fits-all" approach was difficult to implement for some agencies. The composition of country teams could be organized in accordance with the needs expressed by the recipients of assistance. Another possibility was that one agency might be designated to assume a leadership and coordination role without challenging the management function of the United Nations country team.

5. On the question of the pace of reform, working to deadlines could become a "processed approach" that might not be the right way to pursue reform. Assistance should be built on qualitative contributions and guidance. That at least was the WHO approach. Every effort in the name of reform was seen as a function of what it meant for the country's development. It would serve both the agencies and recipients if there were one uniform platform where the agencies confronted problems and came to decisions. Such a platform could also be the stage for a show of bold and needed changes. It was of course very important to preserve what was already in hand, but if the United Nations was looking for the kind of changes everyone wanted, then, once again, it should muster its courage and go ahead.

6. **Mr. Hein** (Food and Agriculture Organization of the United Nations (FAO)), said the Council was indeed called upon to take bold and speedy decisions, whether on system-wide agreements or better still on preparing to meet the challenges of the changing world environment. FAO subscribed to the call for an increased pace on reform, given the need for a faster adjustment to the political environment in which it had

to operate and also for the examination of possible implications for agency structures.

7. Regarding capacity development, FAO, in parallel with UNDG, had just set up a new special group on that issue. As for the possibility of merging agency responsibilities and the question of the multiplicity of coordination functions within the United Nations system, FAO was now addressing those issues openly and frankly.

8. **Ms. Kaag** (United Nations Children's Fund (UNICEF)) said that the debate within UNICEF over acceleration of the pace of reform centred on what was inhibiting the pace of reform and what could be done collectively — including with the support of the Economic and Social Council — to achieve acceleration. Did the agencies need greater political commitment, still greater coherence and coordination, and were there systemic administrative obstacles that could be cleared without taking away from the substance the United Nations had to offer? On the proposed synchronization of the reform process, she said the essence of alignment meant linking up with national development planning. If that was not achieved in certain country situations, then the Council needed to be informed about it, to take remedial action and follow the steps required to ensure that alignment was not just of the planning process but also very much in harmony with the timing of the United Nations national counterparts.

9. There had been debate on which countries needed the United Nations most. But on the specific issue of children's rights and a rights-based approach, it was not necessarily the stage of economic development that determined impact. There would be questions on the rights of the child — and on the marginalization and vulnerabilities of the child — across the board, including in middle-income countries, in which UNICEF had a decisive role to play.

10. **Mr. Roselaers** (International Labour Organization) said that there had at least been some acceleration in the pace of reform, and that was likely to increase. Not all the system's agencies — and that included his own organization — had realized the need for reforms at the same time. There had been some difficulty in sensitizing them to the need to act on United Nations reform and to their contribution to the process. Some agencies had undertaken their own reform exercises in parallel to the United Nations reform. In the case of ILO, a very far-reaching restructuring of strategic objectives had taken place in the period 1990 to 1993. That had been done on the basis of demand and of tendencies discussed with the constituents of ILO at the national level. ILO was now ready to move into higher gear.

11. **Mr. Nyong'o** (Kenya) said the question before the Council was where the United Nations expected to be in 10 years' time. The United Nations was casting for itself a very revolutionary role, encompassing global governance and its emergence as a prime mover of change in the twenty-first century. Yet the Bretton Woods institutions — as distinct from the United Nations system — played an awesome role in the economic and political governance of developing countries, with no claim to being democratically representative, unlike the United Nations. Unless the Council confronted the question, it would be avoiding the issue of legitimacy and the issue of democratic participation by Member States in that wider vision.

12. **Mr. Leikvoll** (Norway) raised questions centring on the role of resident coordinators and on the internal structures of the agencies. He challenged the representatives of the agencies to look at those of their internal incentive structures that fostered a more unified, coherent United Nations presence at country level.

13. **Ms. Tortora** (United Nations Conference on Trade and Development) said that the long-term goals of United Nations development assistance should be to enhance developing countries' capacity to design, evaluate and implement their own development policies and to ensure the synchronization of all dimensions of their development and of the assistance they received. But there was an artificial and growing separation of the economic and social dimensions in the field of development. The same artificial separation existed between the Bretton Woods institutions and the other United Nations agencies. The effectiveness of the United Nations as a whole should be measured in terms of the extent to which its assistance was building national capacities to have integrated, multidimensional development policies.

14. **Mr. Ceinos-Cox** (United States of America) endorsed the views of the representative of Norway regarding the possibility of incentive structures. Referring to the preceding day's presentation by the United Republic of Tanzania, he said there were other

examples where the agencies were fighting among themselves regarding who was going to do what — instead of just getting on with the job. He wondered whether there was a way of cutting through the red tape and addressing the expanding role of regional directors in development and coordination. There still seemed to be a sense that agencies were determined to protect their own turf. He wondered how the two levels could be aligned.

15. **Mr. Jenks** (United Nations Development Programme (UNDP)), referring to the pace of change, said that there were clearly instances where the United Nations should be acting more quickly. One area in which UNDP had been far too slow was support for knowledge management, which required reinvestment and a strong push forward. A properly functioning knowledge-management system, led through the resident coordinator system, would also provide the information about the work of the different agencies that was lacking at the country level.

16. Other, broader issues had been raised, however, concerning the direction in which the system was going and the challenges it faced. The global architecture required four pillars: the bilateral channel; international financial institutions properly resourced; the European Union, though that might be open to debate; and the United Nations. Discussions on reform should address what kind of role the United Nations wanted to play.

17. Turning to the issue of capacity development, UNDP welcomed the fact that Governments had decided to push forward with its proposal for a new capacity-development initiative allowing core programme resources to be targeted to supporting United Nations teams at the country-level. He hoped that the initiative would be an important contribution to both the triennial comprehensive policy review and the way forward on capacity development.

18. As to the relationship between CEB and UNDG, his organization believed that the latter had been a very important reform initiative and part of an overall United Nations architecture to develop management groups in various fields. Playing a number of critical functions in terms of management decisions and directions at the country level, UNDG belonged very much within the structure of CEB. In that regard, UNDP was committed to seeing what could be done within CEB to ensure that it provided proper information and guidance to UNDG.

19. Regarding incentive systems, which UNDP believed were critical to management, he said that some important systems were already in place. The inter-agency process for proposing resident coordinator candidates, for example, allowed all agencies to comment on candidates' track records, including whether they were respected by the system as a whole, while in UNDP, the annual performance reviews of resident representatives explicitly considered their performance as resident coordinator and specifically asked whether there were any complaints from United Nations agency partners.

20. **Mr. Mertens** (World Health Organization (WHO)) said that WHO was participating in the reform process without additional funding. An additional burden had been placed on staff in the field, as reform actions had to be absorbed into their existing tasks. Some organizations had a special function to implement reform, but an incomplete structure with which to do so. By their very nature, the specialized agencies were always a step behind, as they were required to implement what had been discussed, within their existing structure. In addition to their obligations towards Member States, country- and regional-level managers were now required to devote an increasing part of their time to reform. The question was therefore one of ultimate accountability.

21. The issue of incentives would undoubtedly be discussed alongside the World Health Assembly's recent resolution on United Nations reform at the global manager's meeting at the end of the year. While reform could not occur any faster than the agency's ability to absorb it, significant progress had been made. Much of it was simply undocumented. For example, at any given time, at least one WHO representative was acting as resident coordinator somewhere in the world. Incentives as such were not yet built into the system simply because none of the specialized agencies had a specific structure responsible for United Nations reform. If the Member States wanted faster progress on reform, new mechanisms were needed. United Nations country teams were required to deliver on demands from Member States while at the same time reporting to their parent agency on what they had done.

22. **Mr. Hein** (Food and Agriculture Organization of the United Nations (FAO)) said that the resident

coordinator's role was similar to that of the Secretary-General, as Chair of CEB, heading the United Nations system. While FAO had fully subscribed to the idea of working through resident coordinators and accepting them as the team leader, the triennial comprehensive policy review did not refer to the authority of resident coordinators, emphasizing instead their leadership role. The issue was a difficult one and the process was still evolving. There was currently an intense debate within the United Nations system on the role and function of resident coordinators in order to make the role more effective while responding to the different structures of the various organizations within the system. The role of regional directors, for example, varied according to the way in which organizations were structured and represented. On that issue too the agencies would perhaps need to refer to the members of their respective governing bodies, for there was a question of coherence and consistency in the advice given to the individual members of the system.

23. His organization had taken the role of resident coordinators very seriously and hoped that the system would work more effectively in the future. One related issue was mobility and how it was handled within the system. It was now generally accepted that it was beneficial to agencies if their staff spent some time as resident coordinator. Moreover, there were many examples where the best-performing resident coordinators had worked in more than one agency. However, additional support was required, particularly for agencies working on an assessed budget rather than voluntary contributions. Until that issue was included in the discussion of programmes and budgets, the agencies could not be blamed for not making faster progress.

24. **Mr. Khan** (Director, Office of ECOSOC Support and Coordination, Department of Economic and Social Affairs) said that the Bretton Woods institutions, in particular the World Bank, were missing from the discussion, even though they were the most important incentive structure from the point of view of recipient countries, particularly where poverty-reduction strategies were the key to development assistance. He wondered how the participants viewed progress on the formulation of such strategies and how the United Nations Development Assistance Framework (UNDAF) and the individual country strategies of the agencies could be related to them. What was the pace of progress in that sphere? Was it working? Was the system moving in the right direction? Was the system expected to come together in a real way in order to achieve real coherence regarding incentive structures? How were the various channels coming together? In his view, the issue had not been addressed properly in the discussion. He was particularly curious to know how the many Council members with poverty-reduction strategies, and the system as a whole, saw the two elements — the pace of change and incentive structures — coming together. If they were brought together successfully, real progress could be made; if not, there would be a large question mark over the whole process.

25. **Mr. Jenks** (United Nations Development Programme (UNDP)) noted that, according to the Secretary-General's report entitled "In larger freedom: towards development, security and human rights for all" (A/59/2005), the key challenge for the United Nations system at the country level was how to reposition itself in order to help countries have "Millennium Development Goal-friendly" poverty-reduction strategies and provide assistance in such areas as capacity development. The United Nations system was at a critical moment in terms of whether there would be a transformation; it was a question less of pace of change than quality of change. The system needed to consider how it would move forward. Much work was being done on second-generation poverty-reduction strategies, which would be submitted to the development committees in Washington later in the year, following the High-Level Summit in September 2005. The relationship would be a very interesting one. He believed that the United Nations would continue to play a key role at the country level in bringing such strategies into line with the Millennium Development Goals since those strategies alone would not be able to meet all the challenges that the international community had set for itself.

26. **The President** said that synchronization was needed not only from the agencies, but also within Governments, as each agency dealt with a different government ministry. The Bretton Woods institutions, for example, dealt primarily with ministries of finance. On the issue of reform, many relevant points had been made. It was clear that the Organization's operational activities for development cooperation were required, appreciated and supported. The focus of reform was a positive one: to strengthen and improve the efficiency of the United Nations so that it could serve countries' priorities and strategies even more effectively. Provision of the necessary resources was of course essential.

The meeting rose at 4.35 p.m.